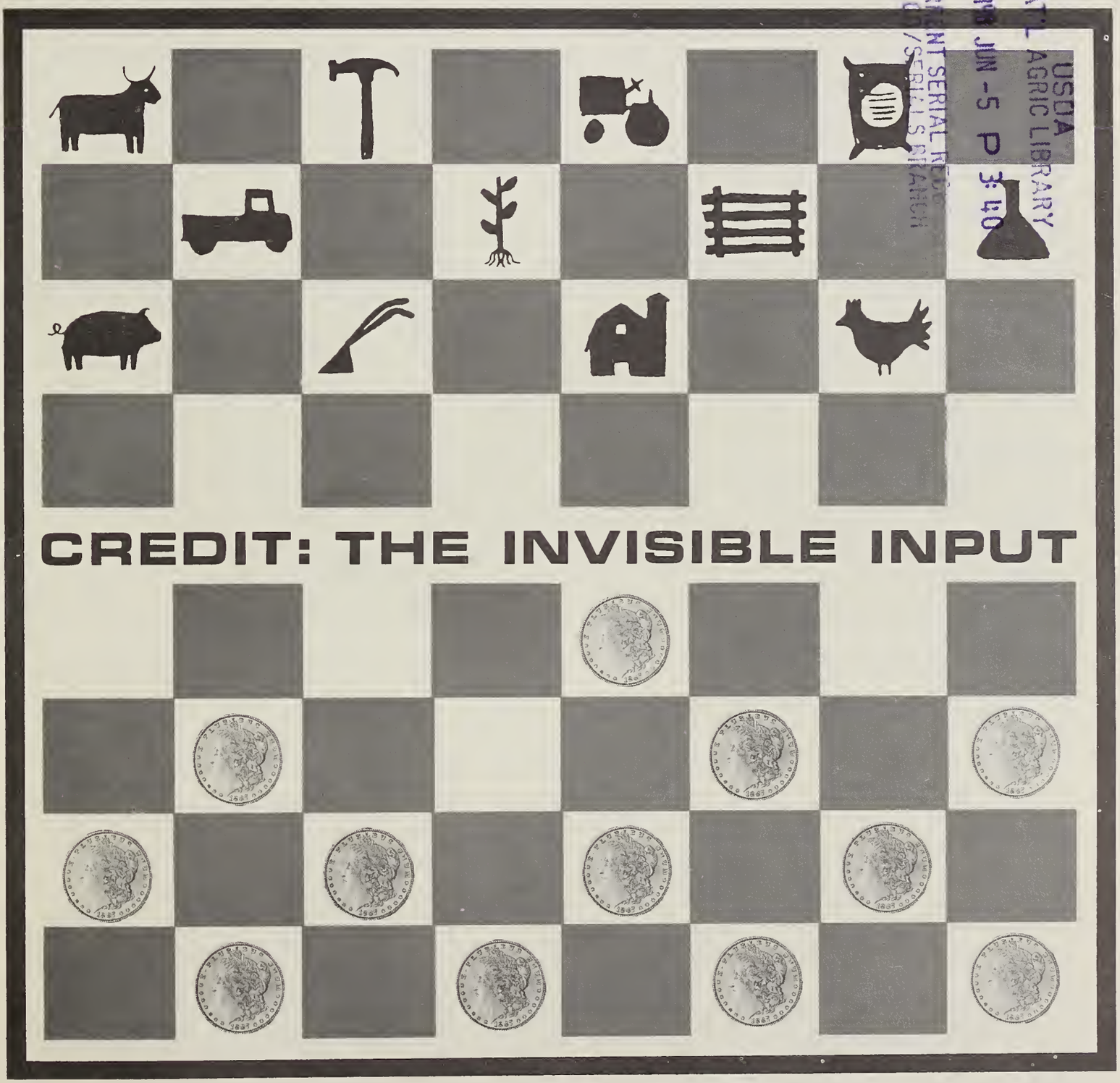
THE FARM INDEX

ECONOMIC RESEARCH SERVICE ▪ U.S. DEPARTMENT OF AGRICULTURE ▪ MARCH 1965



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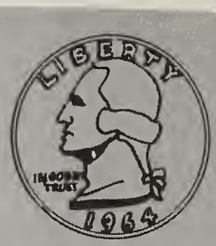
Economic Trends



ITEM	UNIT OR BASE PERIOD	'57-'59 AVERAGE	1964 YEAR	1964 JANUARY	1964 NOVEMBER	1964 DECEMBER	1965 JANUARY
Prices:							
Prices received by farmers	1910-14 = 100	242	236	243	234	234	236
Crops	1910-14 = 100	223	237	243	232	234	233
Livestock and products	1910-14 = 100	258	235	242	236	234	238
Prices paid, interest, taxes and wage rates	1910-14 = 100	293	313	313	313	313	317
Family living items	1910-14 = 100	286	300	298	301	301	303
Production items	1910-14 = 100	262	270	273	269	270	272
Parity ratio		83	75	78	75	75	74
Wholesale prices, all commodities	1957-59 = 100	—	100.5	101.0	100.7	100.7	101.0
Commodities other than farm and food	1957-59 = 100	—	101.2	101.3	101.6	101.8	101.9
Farm products	1957-59 = 100	—	94.3	96.3	94.0	92.7	93.0
Food, processed	1957-59 = 100	—	101.0	102.5	100.9	100.8	102.2
Consumer price index, all items [1]	1957-59 = 100	—	108.1	107.7	108.7	108.8	—
Food	1957-59 = 100	—	106.4	105.8	106.8	106.9	—
Farm Food Market Basket: [2]							
Retail cost	Dollars	983	1,015	1,014	1,018	1,020	—
Farm value	Dollars	388	373	375	378	375	—
Farm-retail spread	Dollars	595	642	639	640	645	—
Farmers' share of retail cost	Per cent	39	37	37	37	37	—
Farm Income:							
Volume of farm marketings	1957-59 = 100	—	118	128	157	137	127
Cash receipts from farm marketings	Million dollars	32,247	36,748	3,373	4,104	3,585	3,300
Crops	Million dollars	13,766	16,820	1,692	2,325	1,914	1,600
Livestock and products	Million dollars	18,481	19,920	1,681	1,779	1,671	1,700
Realized gross income [3]	Billion dollars	—	42.0	—	—	42.5	—
Farm production expenses [3]	Billion dollars	—	29.4	—	—	29.2	—
Realized net income [3]	Billion dollars	—	12.6	—	—	13.3	—
Agricultural Trade:							
Agricultural exports	Million dollars	4,105	6,348 [4]	542	608	669	—
Agricultural imports	Million dollars	3,977	4,082 [4]	332	382	371	—
Land Values:							
Average value per acre	1957-59 = 100	—	128 [5]	135 [6]	137	—	—
Total value of farm real estate	Billion dollars	—	148.7 [5]	154.9 [6]	157.8	—	—
Gross National Product [3]	Billion dollars	456.7	622.3	—	—	599.0	633.5
Consumption [3]	Billion dollars	297.3	399.2	—	—	381.3	406.2
Investment [3]	Billion dollars	65.1	87.7	—	—	87.1	90.5
Government expenditures [3]	Billion dollars	92.4	128.7	—	—	124.8	130.3
Net exports [3]	Billion dollars	1.8	6.7	—	—	5.8	6.5
Income and Spending: [7]							
Personal income, annual rate	Billion dollars	365.2	191.4	479.4	502.3	505.9	509.6
Total retail sales	Million dollars	17,105	21,800	21,000	21,661	22,667	22,379
Retail sales of food group	Million dollars	4,159	5,158	5,031	5,229	5,258	5,232
Employment and Wages: [7]							
Total civilian employment	Millions	64.9	70.4	69.6	70.8	71.0	71.3
Agricultural	Millions	6.0	4.8	4.9	4.7	4.5	4.5
Rate of unemployment	Per cent	5.5	5.2	5.5	4.9	5.0	4.8
Workweek in manufacturing	Hours	39.8	40.7	40.2	40.9	41.2	41.4
Hourly earnings in manufacturing, unadjusted	Dollars	2.12	2.54	2.52	2.56	2.58	2.58
Industrial Production [7]	1957-59 = 100	—	131.9	127.7	134.8	137.0	137.7
Manufacturers' shipments and inventories: [7, 8]							
Total shipments, monthly rate	Million dollars	28,736	37,190	36,677	37,514	39,233	—
Total inventories, book value end of month	Million dollars	51,158	60,925	60,006	62,377	62,764	—
Total new orders, monthly rate	Million dollars	28,374	37,836	37,148	37,720	39,418	—

[1] Beginning January 1964, new series. [2] Average annual quantities of farm food products based on purchases per urban wage-earner and clerical-worker households (including those of single workers living alone) in 1960-61—estimated monthly. [3] Annual rates seasonally adjusted fourth quarter. [4] Preliminary. [5] As of November 1, 1963. [6] As of July 1. [7] Seasonally adjusted. [8] Revised series.

Sources: U.S. Department of Agriculture (Farm Income Situation, Marketing and Transportation Situation, Agricultural Prices, Foreign Agricultural Trade and Farm Real Estate Market Developments); U.S. Department of Commerce (Industry Survey, Business News Reports, Advance Retail Sales Report and Survey of Current Business); and U.S. Department of Labor (The Labor Force and Wholesale Price Index).

the agricultural outlook

Consumer **income** after taxes rose 7 per cent last year—stemming largely from increased employment, higher wages and lower personal tax rates. This gain helped push U.S. food expenditures to a whopping $80 billion in 1964, up 5 per cent from 1963 and the largest annual rise since 1951.

Prospects for 1965 point to an additional rise at a slower rate in consumer food **spending.** The gradual gain in population will account for part of the increase and consumers likely will keep demanding extra services with their food products. But, little change is expected in per capita food use or in retail prices.

Food expenditures last year accounted for 18.5 per cent of after-tax income. This will probably drop slightly, as it has for several years, to around 18 per cent in 1965.

The number of all **cattle and calves** on farms January 1 was 107.2 million, up slightly from the 106.7 million of a year earlier. The increase during 1964 was considerably below the gains of the previous two years.

The total cattle inventory went up a little despite last year's 13 per cent rise in cattle slaughter and 6 per cent gain in calf slaughter.

Increases were registered for all classes of beef cattle except steers. However, the combined gain of 2 per cent compares with a rise of 5 per cent in each of the previous two years.

The potential for producing beef this year is greater than the slight overall gain in numbers might indicate. The number of beef and milk cows two years old and older went up by about 600,000 head over last January 1, indicating an increase in 1965's calf crop.

Milk cows and heifers two years old and older January 1 numbered 17.6 million, a 2.7 per cent drop from a year earlier and the smallest total in 60 years.

The decline in cow numbers during 1964 was about in line with the rates of the past several years, even though the culling rate last year was down. The lower culling rate was the result of improved milk prices in relation to livestock prices. Also a drop in prices of cutter and canner cows discouraged dairy herd culling. The culling rate likely will continue to be lower this year and slow the decline in milk cow numbers.

Preliminary estimates show total **milk consumption** last year was up about a billion pounds over the 117.4 billion consumed in 1963. Any gain this year is likely to be less than in 1964, largely because 1965 has one less day. Milk consumption (in terms of milk equivalent) by civilians runs about 320 million pounds daily.

Half of the gain in consumption during 1964 was due to a rise of 0.5 billion pounds (milk equivalent) in use of both frozen products and milk and cream. Cheese consumption went up 0.4 billion pounds while use of condensed milk and dry whole milk rose only slightly. Consumption of butter and evaporated milk continued down, as it has for some time.

Use of cheese and frozen products is expected to record another gain this year. Rising sales of fluid products are likely to be offset by falling use on dairy farms as numbers drop.

Hog numbers on January 1 were down 9 per cent from a year earlier to 53.1 million head. **Sheep** numbers were down 4 per cent to 23.3 million head.

Supplies of edible **fats, oils and oilseeds** (in oil equivalent) during the 1964/65 marketing year are expected to be 5 per cent under the record high of the year before. Production for

the October-September year may total about the same as last season, but starting stocks of butter and vegetable oils on October 1, 1964, were down.

Domestic disappearance of edible fats, oils and oilseeds is expected to increase in line with population growth, and export markets are strong. Exports (including the oil equivalent of soybeans) will probably go well above the 5 billion pounds of 1963/64, due mainly to greater shipments of edible vegetable oils (soybean and cottonseed).

Ending stocks of all edible fats and oils next September 30 will be down sharply from a year earlier.

Disappearance of upland **cotton** during the 1964/65 crop year is expected to total about 14.1 million bales, about unchanged from last year. A sharp increase in mill use this year has been more than offset by a decline in exports so far.

The 1964 crop of upland cotton was placed at 15.2 million bales as of December 1. This was a slight gain from 1963 and the most since 1953.

The carryover of upland cotton on August 1, 1965, is expected to total about 13.3 million bales. This would be an increase of 1.2 million bales from a year earlier and the most since the all-time high of 14.4 million bales in 1956.

Orange and grapefruit supplies are expected to continue moderately larger and prices somewhat lower during late winter and spring than a year ago. But prospective lemon supplies are down and prices up. Due to larger output, stocks of canned and frozen orange juice and canned deciduous fruits will be much larger this winter and spring than last; retail prices will be lower.

Midwinter cold weather in Florida has caused a small reduction in the prospective Valencia orange crop. Even so, the crop is expected to be well above the below-average 1963/64 crop. Freeze damage to trees and foliage was generally small.

Potato supplies for late winter markets are relatively light. Storage stocks on February 1 were down to 75.9 million hundredweight, 16 per cent below a year earlier and the smallest since 1958. The 1965 winter crop, which furnishes only a small portion of the domestic market supply, is estimated to be up slightly from last year, but below average.

Thus, light supplies in relation to brisk demand mean that potato prices will continue substantially higher than a year earlier well into spring. Prices averaged about $4 per hundredweight in January, more than double those of a year ago and the highest of record for the month.

Growers have reported intentions to plant a total spring potato acreage 16 per cent above last year. Larger acreages are in store for most of the states where the spring crop is produced.

Soviet Wheat Purchases

The Soviet Union, normally a large net exporter of wheat, is buying wheat in world markets for the second season in a row. Purchases, totaling about 1.7 million metric tons of wheat and flour from August 1964 through mid-February, are minor compared with the 11.4 million metric tons during all of the 1963/64 season.

But, these purchases are interesting in view of the USSR's considerably improved wheat crop in 1964 from the year before. Production of wheat and rye last year was about 67.8 million tons compared with only about 52 million in 1963

So, why the recent buying? For one thing, Russia's estimated 1964 requirements for wheat for food, feed, seed and industrial uses are up from 64 to 65 million tons. That leaves roughly 3 million tons for export and stockpiling. Figure 2.8 million tons for shipments to Cuba, East Germany and Czechoslovakia, the three communist countries most dependent on the USSR for grain, and it's easy to see that not much remains to carry over.

Thus, the country's desire to build up its depleted grain stocks may help explain the recent buying of wheat.

Nearly half of the 1.7 million tons the Soviets have purchased was to be shipped from Australia for delivery through November 1965 to the far eastern territory, a grain-deficit region far from the USSR's surplus areas. Some of the other Soviet wheat purchases were for shipment to Cuba and other communist states.

CREDIT: THE INVISIBLE INPUT

Borrowed capital, the least obvious of the farmer's tools, is the one that helps to pay for all the rest

REGION BY REGION: Here's how farmers in each farming area fared during 1964. The figures reflect the changes in cash receipts from 1963 to 1964. They also are some indication of the financial conditions of the producers in each region and of their needs for borrowed capital in 1965.

With spring planting about to begin, farmers across the nation are readying their machinery and stocking up on gas and oil, seed and fertilizer. Chances are, another less obvious input is behind all this activity—a liberal supply of credit.

Borrowed capital will play a more important role than usual in quite a few farm operations during 1965. Because of the severe drought in many farming areas last year, cash receipts were reduced in some sections and a number of dairy and livestock men have had to buy winter feed to make up for the hay crops they didn't get last summer. Farmers in parts of the Midwest, Southern Plains and Mountain States were hit the hardest.

Here's a financial reading for each farm area at the end of 1964:

Northeast. Returns from marketings to farmers last year were up 3.9 per cent from 1963 and totaled $3.3 billion. Crop receipts gained the most, despite the drought. For some northeastern producers this was the third dry year in a row.

Loan funds in the Northeast during late 1964 were apparently in generous supply. Lenders usually were willing to renew or refinance existing farm debts.

Part of the credit potential of farmers in the Northeast is in rising farmland values. From July 1, 1963, to July 1, 1964, the value of agricultural land went up 5 per cent—a rate of increase nearly double that of the previous year.

Lake States. On the whole, farmers had over 3 per cent larger receipts from marketings during 1964 compared with the previous year. Totaling $3.4 billion, returns were up both for crops and for livestock and products.

In 1965, loan funds for farmers are expected to be in good supply. Interest rates are likely to be firm to slightly higher than 1964 levels. Many of the new loans will be for longer terms and for a larger share of the value of the security mortgaged. As a result, many private lenders are likely to be more particular than ever about the managerial ability and the repayment and achievement record of the prospective farmer-borrower.

Real estate values in the Lake States continued to advance during July 1963-July 1964 but the gain was only 1.2 per cent, the least of any farming region in the U.S.

Corn Belt. Incomes on midwestern farms last year didn't equal the high levels of 1963. Cash returns were $8.2 billion, down 2.5 per cent from the previous year. However, prospects for cattle feeders and hog producers were better by the year's end than they were a year earlier.

Prices for midwestern farmland rose around 6 per cent from mid-1963 to mid-1964, a greater rise than occurred in the same period a year earlier. The volume of farm mortgages recorded during the first half of 1964 was up 21 per cent from January-June 1963. Non-real estate debt gained only 6 per cent, due partly to a decline in the demand for credit to finance purchases of feeder cattle.

Conditions in the cattle market seemed to make lenders in the Corn Belt more cautious last year. More cattlemen had to borrow on mortgage security for operating expenses or to refinance their short-term debts.

Appalachian and Southeast. The financial position of farmers im-

proved last year. Cash receipts came to $6.0 billion, 5.2 per cent higher than in 1963. Returns from crops were up substantially despite the effects of dry weather in some areas.

The total value of farm real estate went up sharply in the Appalachian and southeastern states from 1963 to 1964. The gains were 5.1 and 7.5 per cent, respectively. Average size of loans, as well as total debt, increased. Interest rates were near year-earlier levels and are likely to remain steady in early 1965.

Delta. As a group, farmers were about the same financially last year. Although incomes from individual crops went counter to each other, cash receipts overall were down just a little, 0.8 per cent from 1963, and totaled $2.1 billion.

Both real estate and non-real estate credit were available in ample amounts and on more liberal terms in the Delta States last year. Farm real estate values surged up—the gain was 9.5 per cent from July 1, 1963, to July 1, 1964, ahead of all other farm regions in the nation.

Southern Plains. Conditions varied greatly within this area in 1964 but the overall reading was relatively unfavorable for many farmers. Cash returns to farmers were down 5.7 per cent and totaled $3.0 billion.

Lenders were mostly of the opinion that the 1964 decline in farm incomes would result in the use of more credit this year. Supplies of credit appear adequate and interest rates are expected to remain at recent levels.

Northern Plains. Cash receipts from farm marketings, totaling $3.6 billion, were down about 9 per cent in 1964 from the previous year. Crops were responsible for most of the decline but returns from livestock were off, too.

Demand for credit is expected to remain high during 1965 and perhaps increase from the 1964 level. Interest rates this year should be about the same as last.

Mountain. Farmers had cash returns of $2.6 billion, about 5.3 per cent under the 1963 level. Prices for sheep, lambs and wool were up, but those for cattle were down. Production of winter wheat and potatoes declined from a year earlier.

Due to their lower incomes, farmers needed even more credit last year than they used in 1963. Farm mortgage recordings in the first six months of 1964 were substantially higher than in the same period the previous year. The demand for credit is likely to rise again in 1965.

Pacific. Gross income from farm marketings was up 4.9 per cent in 1964 compared with 1963. Cash receipts from all products totaled $4.7 billion. For the area as a whole, production of crops and of livestock and products was somewhat higher. However, prices for some commodities, especially beef cattle, were below 1963 levels.

Prices in the land market moved higher throughout the Pacific region last year. Average values per acre set new records. Due in good part to the financing of land purchases, the use of credit expanded further in 1964.

Lenders expect the credit picture in 1965 to be a near carbon copy of last year with land prices continuing to rise. Interest rates on long- and short-term loans may average slightly higher.

Alaska and Puerto Rico. Although a continent apart, farmers in these two areas were together in one respect last year—farm incomes were lower in both regions.

In Alaska, costs of production remained high. Farmers' needs for credit in 1964 were about the same as a year earlier. But, farmers depended more on the Farmers Home Administration since the supply of nongovernment loan funds available to farmers was nearly exhausted by business and industry demands following the earthquake.

Puerto Rican sugar producers have been plagued by prolonged drought and a decline in the world price for sugar. Production of coffee and tobacco also was down last year from 1963 levels. Supplies of credit for farm needs this year are reported to be adequate.

Data for Hawaii were not available. *(1)*

Many Farmers Who Sign Dotted Lines Aren't Aware of Their Legal Rights

A farmer may be laying a good part of his future on the line when he buys land on contract. But, as a recent study indicates, many a farmer has only the most casual idea of what his contract provides.

The study, conducted by the Agricultural Law Center of the University of Iowa in cooperation with the Economic Research Service, underlines the confusion that often surrounds the land contract.

Some 150 Iowa farmers, when surveyed, appeared to be almost equally ill-informed about the law governing such contracts and the special provisions of their own.

On the law, the men did best when asked whether payments would be returned to them in case they defaulted. Nearly 70 per cent of the group knew what their rights were. Less than 40 per cent of the farmers came up with the right answer on whether they had a one-year redemption period in case of forfeiture.

They were about as poorly informed about their own contracts.

Over 80 per cent of the men had the right answer about contract provisions for prepayment on principal. They came out worst on the provisions for transferring interest and on the distribution of insurance proceeds.

Only 30 per cent knew what sort of permission or notice was required by their contracts before they could transfer interest. And only 20 per cent of the group knew who got the insurance claims.

Not surprisingly, when the contract was between family members, knowledge of its provisions was considerably lower than it was for a contract between friends or strangers. The good faith of a family contract would be assumed.

The survey also indicated that the bigger the farm and the higher the interest, the better the knowledge of provisions. *(2)*

Mortgages Mount

Farmers continued to borrow heavily for land purchases and other long-term purposes during April-June 1964. During this period, the volume of new mortgages and additions to old loans held by the federal land banks, Farmers Home Administration and 20 reporting life insurance companies reached $516 million. This figure is 24 per cent above the same period a year earlier.

The federal land banks recorded the largest gain in gross loan volume for April-June last year—27 per cent higher than in the second quarter of 1963. Loan volume of reporting life insurance companies rose 26 per cent. FHA's direct loan volume increased only 1 per cent for April-June 1964 over the same three-month period in 1963. *(3)*

Grain Quality, Good Storage Practices Go Hand in Hand for Wise Producers

Producing a high quality grain crop is one thing. Storing it in a way that maintains quality until the grain is fed or marketed is another.

Storage is particularly important for the man who produces grain for market. It often determines whether he will get a premium or a discount on the sale. Market grain—whether for feed, seed, industry or export—requires careful handling, drying and storage. Holding storage costs to a minimum helps the farmer to make more net income.

The livestock producer has a little more leeway than the farmer who sells his grain. For one thing, the feeder can store his crop wet or dry if he has the facilities and equipment. But even he has to be reasonably concerned with quality because it affects the feed value of his grain.

How does a farmer go about maintaining grain quality? Take shelled corn as an example. He should dry it to 13 per cent moisture (or below, for extended storage), cool it to outside temperatures before storage, clean it if necessary. Then he should use a mechanical distributor to spread throughout the bin the dirt and chaff not removed by cleaning. The bin should be a sound, weathertight structure, aerated to keep grain cool and to control moisture.

There are some other helpful tips, too. Here's the story, step by step:

Drying. Avoid overdrying, which causes shrinkage and wastes power and fuel, or underdrying which may cause the grain to heat up. Control the temperature. Grain for use as livestock feed shouldn't be heated over 180 degrees F. or the feed value will be reduced.

A moisture tester is the key to drying grain properly. Compare the tester for accuracy with the tester at the local elevator. Then check grain frequently by taking small samples of thoroughly mixed kernels when filling or unloading the drier. The best way is to probe the grain in the wagon or bin.

Of course, spontaneous heat damage to corn can occur before it is dried if the corn was picked with a high moisture content and the grain is too deep for air to circulate.

Cooling. After corn is hot-air dried, it must be allowed to cool to outside temperatures. Grain keeps best at 40 to 50 degrees F. or under. At such temperatures, shelled corn is less likely to absorb moisture and attract insects.

Cleaning. Some farmers direct small fans at the stream of corn as it moves into the bin to blow chaff away. Others use troughs with screened bottoms to remove pieces of cob and cracked kernels as well as chaff. Operating the drying fan while filling the bin or drying structure also helps to remove the finer trash.

Distributing trash. A mechanical grain distributor used with any in-storage drying system will help prevent trash from accumu-

lating in the center of the bin. This makes drying more uniform. Trash pockets are undesirable because they encourage insect infestation and heating.

Storage. The kind of grain being stored helps determine how a bin or crib should be constructed. For example, shelled corn exerts more pressure against walls and supports than ear corn. This means extra crossties on cribs built for ear corn and more bands on silos meant for corn silage. Shelled corn also weighs more, volume for volume, than ear corn and requires stronger floors and foundations.

Screening ventilators and other openings will eliminate rats, keep out mice and birds. Insects can be discouraged by controlling moisture and temperature with an aeration system of perforated pipes or perforated floor and a fan.

Storage bins or cribs should be built so that they can be filled and emptied by mechanical means (portable or permanent augers or elevators) or by gravity. *(4)*

Survey Shows Most Diverted Cropland Now Pastured and Poorer Than Average

What quality of land do farmers convert to soil-conserving uses? What soil-conserving uses do they choose? These are two of the questions answered in a recent study of the 1963 Pilot Cropland Conversion Program in five areas.

Each area included two or three counties. They were located in North Dakota, Iowa, Mississippi and Georgia (Coastal Plain and Piedmont). A total of nearly 1,000 farmers, half of whom participated in the program and half of whom didn't, were surveyed in 1964 after the CCP had been in operation for a year.

The survey indicated that the quality of most land in the program appeared to be slightly below average for the counties studied. This judgment was made on the basis of the average crop yields on participants' land compared with neighboring farms, and on the changes in yields from 1962 to 1963. Crop yields on participating farms in 1962 were below those of the surrounding area in all but the Mississippi counties and, as was expected, the poorer land on each farm was put in the program.

Under the provisions of the 1963 Pilot Cropland Conversion Program (authorized by the Food and Agriculture Act of 1962), farmers were offered payments for converting cropland, including tame hay acreage, to such uses as pasture for livestock, woodland, wildlife habitat and recreational areas. Participating farmers in the survey chose to put nearly all of their CCP land into pasture.

To participate in the program, farmers had to sign agreements to maintain the land in an accepted conserving use for five or 10 years. Acreage for which a minimum agreement of 10 years was required included land considered not suited for row crops or small grains and acreage to be converted to woodlot or recreation (other than wildlife habitat). However, farmers could place the better cropland, for which the minimum agreement was five years, under a 10-year contract if they wished. Farmers placed 82 per cent of the land in the program under five-year agreements with the rest in for 10 years.

After they signed up, participating farmers got adjustment payments to tide them over while they shifted their land to approved uses. These payments ranged from $8 an acre for the poorest land to $70 for the best for the five-year period. The farmers also received part of the cost of seeding, fencing, building water storage, developing recreational facilities and the like. However, farmers' total cash expenses for the approved farm practices ranged from a fourth larger to three times the payments received.

From two-thirds to four-fifths of the land under agreements in North Dakota, Mississippi and the Georgia Coastal Plain was used for row crops or small grains the year before it was placed in the program. In the Georgia Piedmont, less than half the CCP land had been cropped and in Iowa the part cropped was only a third. However, two-fifths of the Iowa CCP land in the survey farms had been diverted in the 1962 Feed Grain Program.

Except for the Iowans, farmers reported they would keep 80 to 100 per cent of the CCP land in a conserving use after their agreements expire. In Iowa, half the survey land will revert to production of cultivated crops.

In all five areas studied, farms in the program were larger than others in the respective counties and their size increased more rapidly from 1962 to 1963. They

LAND USE UNDER CROPLAND CONVERSION

State and area	Pasture	Trees	Recreation	Wildlife preserve
	Per cent			
North Dakota	100	—	—	—
Iowa	94	—	6	—
Mississippi	98	2	—	—
Georgia:				
Coastal Plain	90	8	—	2
Piedmont	100	—	—	—

usually had as many or more acres of crop allotments and as large a feed grain base as did the neighboring farms, too.

The number of livestock (chiefly beef cattle) on all farms in the study rose rapidly during 1963, but the rate of increase was faster on CCP participants' farms. Farmers who had signed agreements expected to produce from 30 per cent more beef cattle in 1967 than they did in 1962 in the Coastal Plain of Georgia to 90 per cent more in Mississippi.

Although livestock enterprises are important on participants' farms, cash crops are their chief source of farm income. Most expected this to continue despite the shift of land into the CCP.

Researchers found the participating farmers were from one to five years younger than nonparticipants, had more education, grossed more farm income and owed more debt. Participants said they signed CCP agreements because they expected to make a larger and more certain income. *(5)*

Sheep Inventories Down 8 Per Cent With Number on Feed Cut Even More

During 1964, total sheep and lamb slaughter amounted to less than 15 million head, nearly 8 per cent below a year earlier. Production of lamb and mutton was slightly more than 700 million pounds, also down about 8 per cent.

The decline in sheep and lamb slaughter last year was due partly to a 6 per cent smaller lamb crop than in 1963. Nevertheless, slaughter during 1964 was large enough to reduce sheep and lamb inventories from the January 1 figure. The number on farms and ranches January 1, 1965, was down 5 per cent from the 28.2 million head on hand January 1 a year earlier.

The number of sheep and lambs on feed in 26 states totaled 3.3 million head as of January 1. This figure is 9 per cent below the 3.7 million head on feed January 1, 1964, and the smallest number on feed at the beginning of any year since records were initiated in 1900.

In the Corn Belt, 1.8 million head of sheep and lambs were on feed this January 1. This is 12 per cent below January 1, 1964.

The decline in numbers on feed was not as great in the western states as in the North Central Region. The reduction was 3 per cent from a year ago. *(6)*

Molasses-for-Feed Supply in '63/64 Sets Record It May Match This Year

No one knows for sure if animals like sweets. They do need carbohydrates in their diets though, and molasses is often used for this purpose.

Farmers and feed manufacturers should have had no difficulty getting molasses during the 1963/64 feeding year which ended last September 30. The quantity of molasses available for dairy and beef cattle feeds during 1963/64 was estimated at 496 million gallons, up 26 million from a year earlier.

Supplies of all inedible molasses (industrial and feed) for the 1963/64 feeding year were estimated at 635 million gallons, 5 per cent above 1962/63.

The rise was due to a sharp increase in 1963 U.S. mainland production of sugarcane and beets. The gain was more than enough to offset a combined drop of 12 per cent in molasses imports and inshipments from Puerto Rico between 1962/63 and 1963/64.

Prospects during the 1964/65 feeding year are for output of inedible molasses to be near that of last year. As of December, the 1964 beet crop was down less than 1 per cent from a year earlier. The sugarcane crop was up 5 per cent despite some hurricane damage in Louisiana. Beet and cane sugar processing supplies most of the inedible molasses. *(7)*

Prepared Shortening's Popularity Gain Makes for Shifts in Meat Fats Uses

Edible fats are an important by-product of pork and beef. The return from the fats adds to the value of the carcass and in turn, to the value of the live animal.

During the past decade, use of meat fats in manufactured shortening has soared because of favorable prices compared with other edible fats and oils. Last year alone, 851 million pounds of edible meat fats were made into shortening; in 1954, the figure was only 231 million pounds. A record 959 million pounds were used in 1963. Meat fat output now accounts for roughly a fourth of all food fats and oils produced in the U.S.

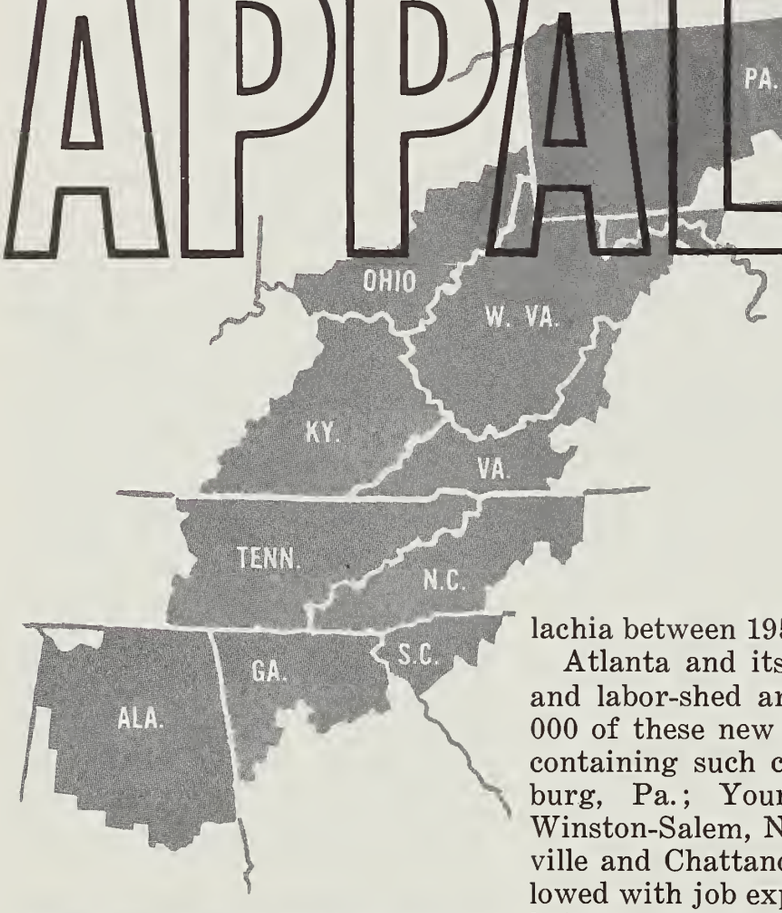
Use of lard in prepared shortening hasn't kept pace with the overall gain for the edible meat fat group. Lard output declined from 2,757 million pounds in 1956 to 2,481 million in 1964. Meanwhile, production of beef fats rose steadily from 321 million pounds to 521 million.

Over the last eight to 10 years, output of lard per hog has dropped from about 32 pounds to less than 29 pounds. This reduction occurred despite a gain of 9 pounds in the average live weight of hogs slaughtered. The larger number of lean, "meat-type" animals marketed is responsible.

Although still the most important outlet for lard, direct use (in homes, bakeries, commercial and other institutions) is declining steadily. Direct use reached a postwar high of 12.7 pounds per capita in 1948. By 1964, use per person had slipped to a record low of 6.3 pounds.

The yield of edible beef fat per head of federally inspected cattle went up from around 15 pounds to 22 pounds during 1956-64. This gain is due to the strong demand for edible beef fats as an ingredient in the manufacture of prepared shortening which has diverted them from inedible channels. *(8)*

APPALACHIA



Boom Towns Grow on Highland Fringe; Unemployment, Poverty Haunt Interior

Appalachia has more than its share of the nation's unemployed. And 30 per cent of its families have incomes under $3,000, compared with 21 per cent for the rest of the United States. But the area is neither entirely nor uniformly "depressed."

A recent ERS study found that many areas of Appalachia are relatively prosperous and show promise of healthy economic expansion. Generally, this is true of areas on the periphery of the region and those with large population centers. These areas were the chief beneficiaries of growth in manufacturing, trades and services and construction that created 568,000 new jobs in Appalachia between 1950 and 1960.

Atlanta and its adjacent trade and labor-shed area gained 111,000 of these new jobs. The areas containing such cities as Harrisburg, Pa.; Youngstown, Ohio; Winston-Salem, N. C.; and Knoxville and Chattanooga, Tenn., followed with job expansion ranging between 20,000 and 30,000. By contrast, areas in southern West Virginia and eastern Kentucky generally lost 10,000 to 20,000 jobs.

The latter are examples of the more rural and interior areas heavily oriented to agriculture or mining. In these, hillside farms have struggled unsuccessfully to compete with mechanized flatland farms elsewhere. In the 1950s, 335,000 Appalachian people gave up farm employment.

Towns in Pennsylvania, West Virginia and Kentucky bore the brunt of a regional cut of 58 per cent in mining jobs during the decade. For Appalachia as a whole, 265,000 jobs evaporated as a result of the combined effects of declining demand for bituminous coal and rising productivity in the industry.

Railroad employment declined, too. And the number of available jobs dropped in furniture, lumber and wood products, and textile mill products manufacturing.

The economies of rural areas in the Appalachian interior which lost ground during the 1950s are not expected to grow in the 1960s without special help. With a high rate of unemployment and a large percentage of low income families, there is little money available for education, welfare, improvements in road, water and sewer systems and the promotion of industrial development.

According to the study, the job picture brightens as one moves out toward the fringes of Appalachia. Growth is expected to occur without large amounts of public investment on the eastern fringe from Binghamton, N. Y., to Atlanta; and in the south from Knoxville, Tenn., to Birmingham, Ala. The Ohio River and western Pennsylvania areas should also expand, as should the Lexington area in Kentucky. *(9)*

Competition With Flatland Farms Has Speeded Decline in Highland Farming

The Appalachian highlands have been recognized as a depressed area for more than 40 years. And a recent ERS survey of Appalachia's economy found per capita income still low, unemployment rates high.

This has been especially true in agriculture. Few farm operators in Appalachia control the resources needed to earn an income comparable to that of farmers elsewhere in the U. S. Furthermore, competition is getting stiffer all the time. In 1950, average sales per farm were $2,766 less in Appalachia than the national average. By 1959, the difference was $4,888.

From 1950 to 1960, a larger proportion of Appalachian farmers, farms and farmland were withdrawn from agriculture than in the rest of the United States. The number of Appalachian farmers dropped by 39 per cent; the U. S. decrease was 31 per cent.

Not all of these people have been able to find jobs in other industries in Appalachia. Many have joined the jobless miners and railroad workers in migrating to other regions, other states.

The effect of insufficient job opportunities on population growth rates is quite pronounced in Appalachia. Total population increased only 1.5 per cent in the 1950 decade. The national increase was 18.5 per cent.

But some of the jobless have stayed. In 1950, 5.1 per cent of the civilian labor force in Appalachia was unemployed. This was only 0.3 per cent higher than the national average. By 1960, Appalachian unemployment had increased to 7 per cent of the labor force. The U. S. figure was still only about 5 per cent.

Technological advances have reduced labor requirements in agriculture and led to the development of large, highly capitalized and mechanized farms in most of the U. S.

Much of Appalachia's cultivable land is in small isolated tracts which cannot be combined into larger units or farmed efficiently with modern machinery. Thus, much of the land which might be physically suitable for cultivation is not economically cultivable.

In 1959, the average size Appalachian farm contained only 106 acres, as compared to 132 acres in the surrounding area and 302 acres for the United States.

The solution for many Appalachian farmers has been to seek a job in town and work their farms part-time. The 110,300 part-time farms of 1950 had increased to 154,600 by 1959.

For other noncommercial farms, including part-retirement and residential, the decade saw a drastic decline. There were 251,100 such farms in 1950; 67,100 in 1959.

For the commercial farmers the choice has been: grow or go under. There were 212,800 commercial farms in 1950 with yearly sales under $2,500. By 1959 there were only 67,100.

Some farmers have made a success of Appalachian agriculture, however. They are the ones who have managed, despite the general decline, to expand their operations and increase their incomes. In 1959, there were 31,500 commercial farms in the region having yearly gross sales of $10,000 or more. There were only 12,200 in 1950. The operators of these farms presently control sufficient land and capital resources to produce farm products at competitive cost levels.

This group comprised only 17 per cent of all commercial farms in the region in 1959, compared to 33 per cent for such farms in the United States as a whole. But in 1950 only 4 per cent of Appalachian farms had had gross sales of $10,000.

The farms with value of sales from $5,000 to $9,999 also grew in numbers, from 27,200 to 35,800, and as a proportion of all Appalachian farms, from 9 per cent to 19.3 per cent. Even the farms in the $2,500 to $4,999 category increased by 3,000 over the 50,000 of 1950.

In sum, then, the farms that went under were those that were unable to gross more than $2,500 a year. *(10)*

In '50s, Job Opportunities Grew Most In Big Cities, Least in Small Towns

In terms of job opportunities, small towns and rural areas continued to lose ground to the big cities during the decade of the 1950s. And the smaller the town, the more the relative loss.

In 1950, 53 per cent of the nation's total employment was in Standard Metropolitan Statistical Areas (generally cities of 50,000 or more population plus the counties or labor markets surrounding them). By 1960, this proportion had grown to 61 per cent of total employment. As of now, it may be as high as 65 per cent.

During the 1950s, civilian employment gained most in our major cities, increasing by nearly 33 per cent. Total employment in the nation increased only 14.5 per cent. This meant that heavy declines occurred in many places outside the cities.

Employment in counties with population centers from 25,000 to 50,000 grew 16.4 per cent, slightly faster than the nation's overall growth rate. Employment growth in cities of 10,000 to 25,000 was 8.6 per cent.

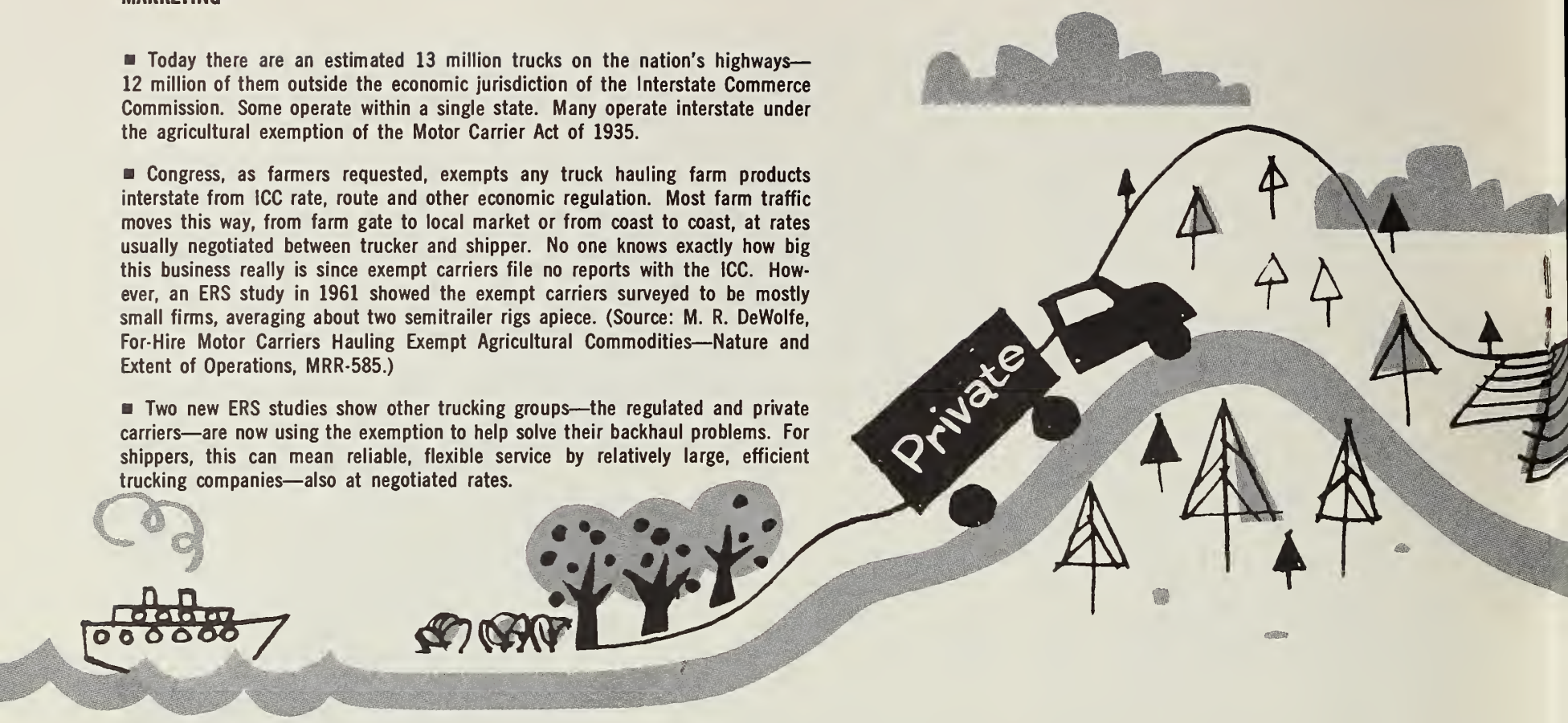
The critical size of growth centers is apparently between 5,000 and 10,000 population. Here there was a barely perceptible increase overall of 1 per cent in employment between 1950 and 1960. The slight overall gain disguises the fact that some of the towns or counties in this size grouping experienced drastic declines in employment while others held steady or gained ground.

Counties with population centers below 5,000 generally experienced a loss of jobs during the 1950s. The overall decrease in employment for such counties was 22.4 per cent. Most were counties unable to replace evaporating farm jobs with other opportunities. More than 1600 counties were involved in the sharp decline of employment opportunity. *(11)*

■ Today there are an estimated 13 million trucks on the nation's highways—12 million of them outside the economic jurisdiction of the Interstate Commerce Commission. Some operate within a single state. Many operate interstate under the agricultural exemption of the Motor Carrier Act of 1935.

■ Congress, as farmers requested, exempts any truck hauling farm products interstate from ICC rate, route and other economic regulation. Most farm traffic moves this way, from farm gate to local market or from coast to coast, at rates usually negotiated between trucker and shipper. No one knows exactly how big this business really is since exempt carriers file no reports with the ICC. However, an ERS study in 1961 showed the exempt carriers surveyed to be mostly small firms, averaging about two semitrailer rigs apiece. (Source: M. R. DeWolfe, For-Hire Motor Carriers Hauling Exempt Agricultural Commodities—Nature and Extent of Operations, MRR-585.)

■ Two new ERS studies show other trucking groups—the regulated and private carriers—are now using the exemption to help solve their backhaul problems. For shippers, this can mean reliable, flexible service by relatively large, efficient trucking companies—also at negotiated rates.



Regulated Firms May Up Farm Hauls If Mergers, Other Shifts Spur Need

Many people tend to think of regulated motor carriers as big fleets of trailer trucks cruising the nation's highways.

True, some trucking companies fill this description. By definition, ICC's Class I includes all firms earning $1 million a year or more. In 1962, 576 Class I carriers had combined revenues of more than $3 billion. But there are more than 17,000 regulated truckers all told; most, obviously, less than $1 million a year operations.

Regardless of size, regulated carriers usually have more money invested in trucks and other equipment, plus higher overhead costs, than do the exempt carriers. Outbound traffic of regulated truckers is normally high-value, low-bulk merchandise, everything from wrist watches to vacuum cleaners. But what can they do about a backhaul load, especially from a region producing few industrial goods to transport? More and more regulated carriers are turning to agricultural freight as a way to make each vehicle earn its keep on the return trip.

Total farm product tonnage hauled by Class I carriers jumped from 7.6 million tons in 1956 to 10.2 million in 1961.

Farm traffic is more important to regulated truckers in some parts of the country than in others. Greatest percentage growth of tonnage in 1955-61 was in the Rocky Mountain, southwestern and southern regions. With relatively little industrial output, these regions present an acute backhaul problem for regulated carriers. Here farm tonnage is an obvious solution. In fact, in 1961 the three regions originated 27 per cent of all farm traffic carried nationwide by Class I operators.

In terms of tonnage originated, the Pacific region, with its vast citrus, apple and vegetable industries, gave regulated truckers the most business in 1961.

Fresh meat is by far the most important agricultural commodity hauled by regulated trucks.

Wool is also important, now that it is baled to stack economically in a trailer. Western warehouse operators surveyed by ERS say about 22 per cent of their wool is shipped to eastern mills by regulated truck. The rest goes by rail.

Exempt farm traffic is still a very small part of the regulated truckers' business. ICC estimates it accounts for about 4 per cent of both total tonnage and gross revenues of all regulated motor carriers. For Class I carriers alone, in the 1956-61 period farm traffic never accounted for more than 6.6 per cent of total traffic or 9.5 per cent of revenues.

ERS economists believe this farm traffic will remain small. One factor that could up tonnage would be a change in government law and policy. Another is continuing merger of regulated truckers, forcing the bigger operations to seek more farm traffic to improve efficiency. A third factor would be greater competition from another source for nonfarm traffic, again making farm business more attractive to the regulated truckers.

This other source of competition is the private motor carrier —trucks for hire only in their spare time. *(12)*

FARM TRAFFIC

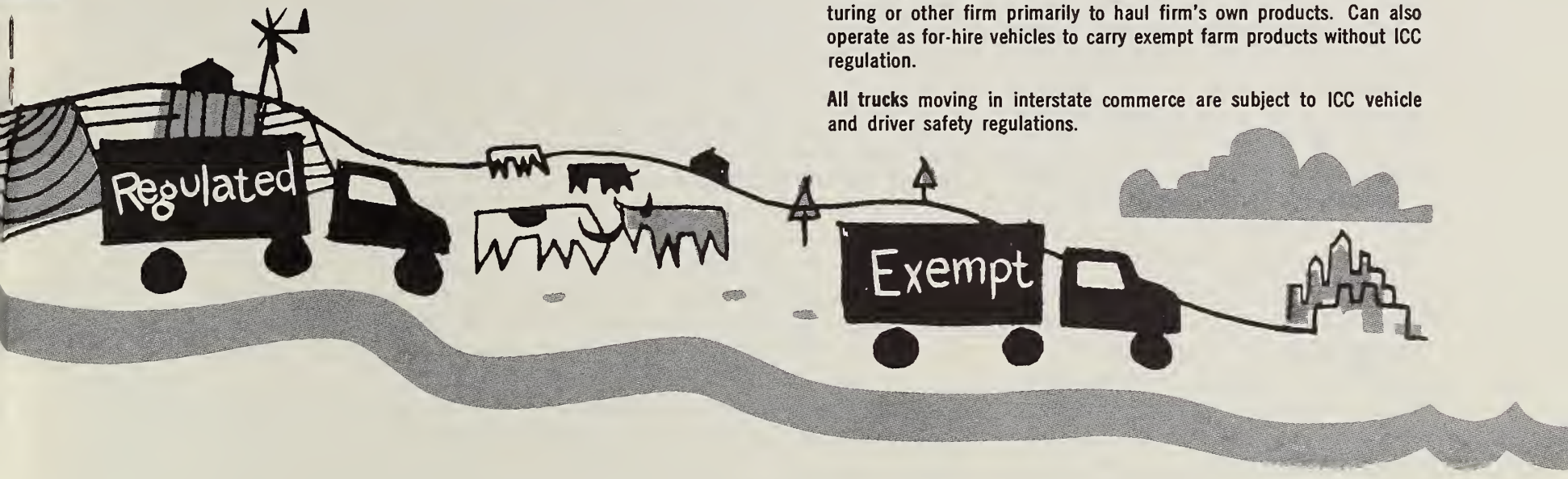
BACKHAUL BOON FOR NONFARM TRUCK INDUSTRY

Regulated carrier. Trucks for hire by general public (common carrier) or by selected customers (contract carrier) subject to ICC economic regulations except when hauling exempt farm products.

Exempt carrier. For-hire trucks hauling just exempt farm products, thus never subject to ICC economic regulations.

Private carrier. Trucks not ICC-regulated because owned by manufacturing or other firm primarily to haul firm's own products. Can also operate as for-hire vehicles to carry exempt farm products without ICC regulation.

All trucks moving in interstate commerce are subject to ICC vehicle and driver safety regulations.



More Private Firms Are Hauling Farm Commodities to Get Fuller Truck Use

There are some 35,000 private motor carriers in the United States, about twice the number of regulated carriers.

As the term implies, private trucks are operated by private firms, basically to haul the firm's own products and supplies.

For example, a textile mill in North Carolina may operate a fleet of trucks to deliver its cotton fabric to the garment district of New York City. Under the agricultural exemption these trucks can be hired out to haul, say, New York apples back to Raleigh. Thus, the private carrier operates round trip without ICC rate and route regulation.

Since a new tractor-trailer capable of handling perishable farm products costs some $30,000, with a life expectancy of only four to six years, private carriers that get into the business naturally try to haul as much agricultural tonnage as possible.

In the eastern two-thirds of the nation, private carriers have mushroomed. Of 701 firms surveyed by ERS in 1961, less than 80 firms were in business back in 1930. Hauling exempt farm traffic has always been open to them. But this business has become more attractive as better highways made it easier to transport perishable farm commodities and as mounting overhead costs made round-trip use of each vehicle almost essential.

In the 1961 survey, the 701 private carriers reported that 52 per cent of their total mileage was generated by exempt farm commodities. Most of this was backhaul business. In fact, about 80 per cent was traffic carried toward the carrier's terminal.

And much of this freight was hauled within the operator's own state. This suggests that private carriers want their vehicles kept fairly close to home in case they are needed to transport the firm's own merchandise. Interstate mileage made up only 38 per cent of total farm traffic mileage.

Firms in the South Atlantic region averaged the highest total mileage hauling exempt commodities. But interstate mileage per firm was highest in the South Central region; that is, Texas, Oklahoma, Arkansas and Louisiana.

Whereas fresh meat is the most important farm traffic for regulated truckers, grain is the biggest backhaul item for private carriers, accounting for 34 per cent of total agricultural traffic.

Fresh fruits and berries rank second, making up 21 per cent of farm tonnage. Fresh vegetables are next, at 17 per cent, followed by milk and cream, at 11 per cent.

The 701 firms surveyed reported each truck averaged 31,000 miles in 1961. This is considerably more than the 10,000-mile national average for all trucks that year. But it's under the 44,000-mile average of regulated trucks.

There's probably a simple explanation for the fact that private carriers don't use their trucks as much as the regulated ones: Transportation isn't their primary business. Their trucks don't have to show 24-hour operation.

Like regulated truckers, the private carriers can offer the agricultural community larger transportation facilities, on the average, than exempt for-hires. *(13)*

Radiation Prolongs Strawberry Life, More Than Offsets Equipment Costs

Atomic rays to keep strawberries healthier?

Yes, indeed. Technical research at the University of California has shown that shooting fresh strawberries with a low dose of gamma rays, generated by Cobalt 60, can prolong shelf life and reduce spoilage losses in marketing to about 5 per cent, depending on the amount of field infestation at harvest. Similar results can be obtained from X-rays. These rays do their work and move on, leaving the fruit absolutely safe to eat.

ERS economists have estimated that savings from reduced strawberry spoilage losses in marketing would more than pay for radiation-pasteurizing, as the new process is called. Tests now in progress could indicate that some other radiation-pasteurized fresh fruits and vegetables have an economic potential.

Spoilage in 1957-61 was estimated at 15 per cent of the total value of all fresh strawberries sold at retail—a loss to the industry each year of an estimated $17.8 million. Radiation pasteurizing would cut this industry loss to approximately 5 per cent.

In addition, there's a slight boomerang effect that will be to the consumer's advantage. Radiation-pasteurizing increases retail supplies and this will have a depressing effect on prices.

Thus, if the entire industry adopts this new method of preserving strawberries, retail prices ordinarily at 45.2 cents a pound (1959-63 average retail price) would fall to an estimated 43.0 cents a pound. Therefore, with radiation reducing spoilage by two-thirds, savings to growers come to about 4.3 cents a pound.

Nevertheless, radiation-pasteurizing will still save more than it costs. The new ERS study shows it will cost no more than 2.9 cents a pound (see table). Subtracting this 2.9 cents from the 4.3 cents spoilage savings produces a net saving to the industry of 1.4 cents a pound.

The study estimates that a Cobalt 60 facility of 204,000 curies (3 kilowatts) would cost nearly $317,000 installed. An X-ray machine of comparable size is estimated at $522,000. At these prices, established packers with a strong financial position will likely be first to adopt radiation-pasteurization. *(14)*

COST OF IRRADIATING FRESH STRAWBERRIES

Facility type and total investment	Facility size	Annual operation	
		2,000 hours	4,000 hours
		Cents per pound	
Cobalt 60 $167,287	68,000 curies or 1 kilowatt	2.9	2.0
Cobalt 60 $316,862	204,000 curies or 3 kilowatts	1.7	1.1
X-ray machine (3 million electron volts) $522,000	3 kilowatts	2.4	1.6

Cost estimates are based on two-shift operation five days per week. Cobalt 60 and X-ray machine facilities are assumed to have 30 and 35 per cent net utilization efficiencies, respectively, and use-factors of 95 and 80 per cent of the time, respectively.

Parched Playland in California Desert Provides Oasis for Date Palm Groves

Take a barren valley, a hundred feet below sea level. Ring it with mountains rising abruptly from the desert floor. Hang a scorching sun from a rainless sky.

You have, not a lunar landscape, but the backdrop for some of Southern California's most fashionable winter resorts.

Add to the scene a network of irrigation canals and the picture of the winter playground turns into a summer paradise for the production of dates, the delicacy of North Africa and the Near East.

The place is 45-mile long Coachella Valley in California's Colorado Desert. It is just about the only spot in the nation that meets the date palm's exacting needs for plenty of water and long months of dry, hot weather.

The 4,000 acres of date palms in the valley produce upwards of 25,000 tons of dates a year, a figure that reflects gradually rising yields per acre and, until recently, steadily increasing acreage. Current acreage is about a fifth less than the peak year of 1953.

In order to maintain their reputation for a top product, the California date growers, as long ago as 1938, promoted a state marketing order for their specialty crop. It called for quality regulations and mandatory inspection. The order was in effect from 1938 to 1943 and again from 1948 to 1952.

The lapse of the state order in 1952 left the growers with prices that fluctuated sharply even from day to day. In 1955, industry leaders, organized in the Date Packers Council, were instrumental in establishing a Federal Marketing Order for their crop. Their hope was to improve grower incomes through greater price stability.

To a great measure, they succeeded in their purpose.

Volume control is the key to the order, which also regulates grade, size and quality and type of containers. The order also provides for mandatory inspection and quality certification, as well as marketing research.

The order lays down market rules for three groups of dates: (1) marketable dates, most of the year's crop; (2) sub-standard dates, about 7 per cent of the typical crop, used for such products as feed, non-table sirup and alcohol and (3) culls.

The marketable dates, typically over 90 per cent of the crop, are grouped as "free" dates, to be sold whole or pitted, and "restricted" dates.

The restricted category includes the amount of production over the free market ceiling. Restricted dates can only be exported or sold in various processed forms. On the recommendation of the growers' committee, the Secretary of Agriculture sets a quota for free dates on a percentage of the total crop for a given market year. The limitation is called for whenever it looks as though the total supply of dates is apt to exceed trade needs.

Since the Federal Marketing Order went into effect, the industry has enjoyed relatively stable returns for their product even though prices for the restricted dates have varied sharply. With free dates making up nine-tenths of the crop and bringing a far higher price than the residual, restricted production, stable prices for free dates stabilize overall prices.

The marketing order has also had some effect on the number of plants in the industry, though this effect is not so easy to measure as price stability.

There were, for instance, 37 packers handling dates under the order in the 1955/56 crop year; by 1962/63, only 19.

Furthermore, the three largest packers in 1955/56 handled 63 per cent of the dates; seven years later these top companies packed 86 per cent of the crop.

Some concentration, of course, is taking place in most of agriculture, with or without marketing orders. But the pace in California's date industry appears to have been stepped up since the federal order was established. Also, some of the packers who were primarily growers may have felt less need to continue packing as a result of higher returns that occurred with the order. *(15)*

Midwestern, Western Potato Supplies Have to Go East to Get to the People

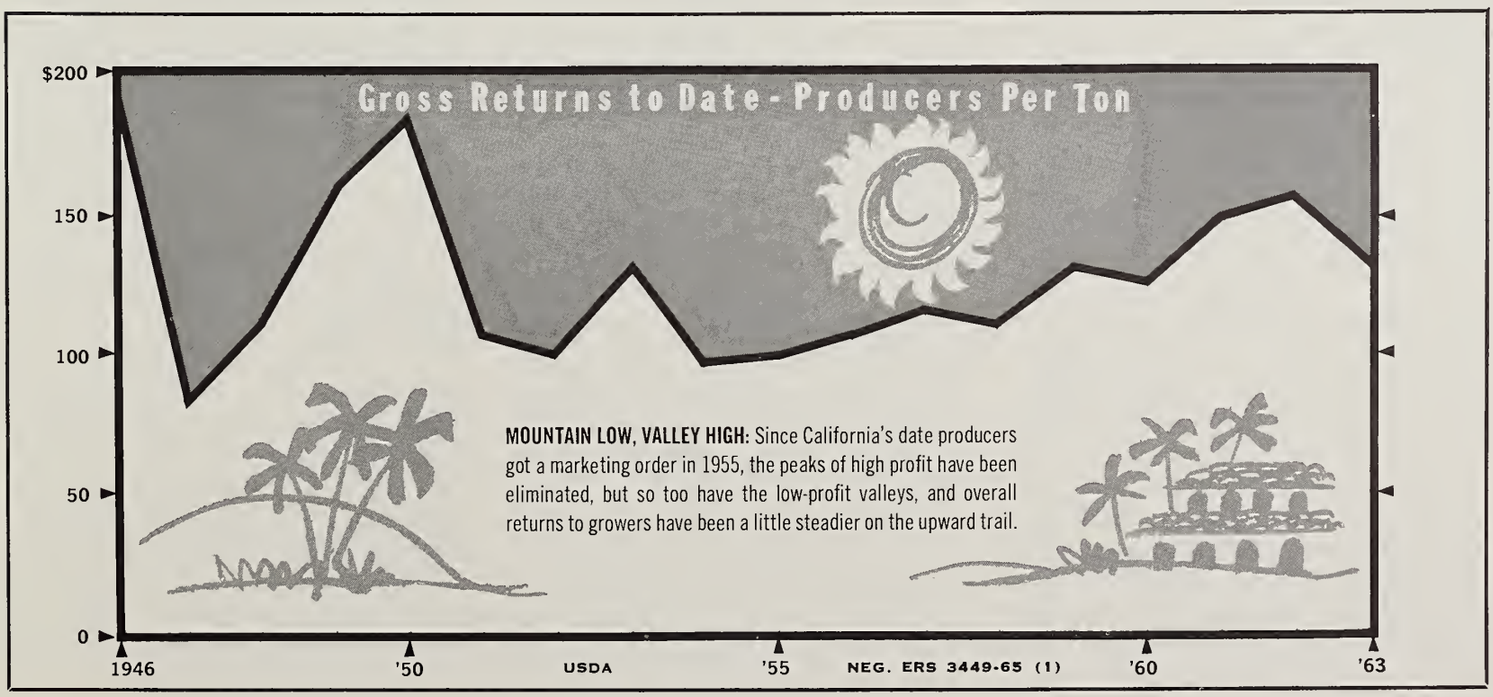
Potatoes have gone west, but the people haven't.

The result is that a lot of Idaho, California and midwestern potatoes are being shipped back east, while eastern potatoes tend to stay home.

The nation's five big potato patches are in California, Idaho, North Dakota-Minnesota, New York and Maine. Together, they produce 60 per cent of the 275.5 million hundredweight total annual output. But Maine, which used to be in first place in the mid-1940s, now trails behind Idaho's champion production.

Maine's output, however, is still about what it was a decade or so ago. The switch in relative importance of production came about when Idaho more than tripled its output—going from 17.2 million hundredweight in 1947 to 55.5 million in 1963.

But the customers are back east. Some 29 per cent of the nation's population lives within 800 miles of the Maine production areas. New York producers have over 59 per cent of all U.S. consumers within 800 miles.



MOUNTAIN LOW, VALLEY HIGH: Since California's date producers got a marketing order in 1955, the peaks of high profit have been eliminated, but so too have the low-profit valleys, and overall returns to growers have been a little steadier on the upward trail.

By contrast, Idaho can reach less than 18 per cent of the population within an 800-mile grasp, California only 13 per cent.

Railroads are still the most important way to get the potatoes to the consumer, but the rails are losing somewhat their lead over trucks. In 1963, for example, the railroads delivered more potatoes than the trucks did in 21 out of 37 cities where unload statistics are available. But in 1958, the rails predominated in 26 cities.

Rails led trucks for origins in California, Idaho, Maine and the North Dakota-Minnesota area. Only New York potatoes generally arrived at more of the 37 markets in greater volume by truck than by rail; rails, however, were used for such nearby destinations as Baltimore. *(16)*

New Standards Can Help Cotton Gins Cut Labor Costs, Improve Efficiency

Cotton ginners looking for ways to cut labor costs can use labor performance standards developed in a recent ERS research project.

Based on these standards, 24 of 32 cotton gins surveyed have more employees per crew than they need to operate their plants efficiently during the peak weeks of ginning.

Labor costs make up 20 to 25 per cent of total operating costs of gins in nearly all areas of the Cotton Belt, and they've been climbing steadily in the last few years. As ginning costs have gone up, so have ginning charges. Average ginning charges paid by cotton producers have nearly tripled, from $6.40 in 1945/46 to $16.80 in 1963/64. Thus, cutting labor costs has become increasingly important to gin managers.

Gin managers can do little about the inefficient use of labor during the first and last few weeks of the September-January ginning season. As a service to cotton growers, a full crew must be on hand even though only a few bales are brought in for ginning each day. But there are advantages in this, too. The first slow weeks give the men time to work together before the big push of the peak season. Also, three to five extra weeks of work encourage more men to take these temporary seasonal jobs.

But the inefficiency of the practice shows up in performance figures compiled in the ERS study of 32 gin plants in three major cotton producing areas.

In the West, for example, it takes an average of 99 man-minutes to gin one bale over the entire season; it takes only 59 man-minutes during a peak production week. In the mid-South, one bale requires 110 man-minutes over the season; this drops to 73 man-minutes in a peak week.

Getting top performance from labor during the rush ginning season, the ERS study shows, can reduce the number of men needed and thereby cut costs. However, the study recognizes that the layout of modern gins may be more conducive to efficient use of manpower than older, more cluttered plants. Likewise, other nonlabor factors may impede work.

Based on the standards developed in the study, five of the nine gins in the West had one to two more men than needed. By realigning manpower, they could reduce labor costs by 21 to 44 cents a bale.

Three of the eight plants in the High Plains had three to five extra employees. Potential savings in labor costs per bale ranged from 9 to 63 cents.

Twelve of the 15 mid-South plants had from one to four more employees than needed, according to the performance standards. Potential savings: 9 to 70 cents a bale.

If all plants in all areas had labor operating at the performance standard for the entire ginning season, savings would lower the total cost of ginning by some 2 to 5 per cent. *(17)*

Beef and Pork Output Up, Prices Down In '64 as Lamb Went Opposite Route

What happened to red meat prices in 1964 was a classic example of the seesaw interaction between supply and demand.

Beef supplies were well above those of 1963. Consequently, retail prices fell, but not as far or as fast as prices to farmers.

The same thing happened to pork—production up slightly, retail and farm prices down.

Then lamb reversed the procedure. With production below 1963, prices to farmers and to consumers were up.

Here's a closer look at the marketing spreads, that is, the difference between the retail price consumers paid for meat and what farmers were paid for an equivalent quantity of their livestock.

Beef. Production in 1964 was 12 per cent above 1963. Both retail and farm prices fell to the lowest levels since 1957. Retail prices for Choice grade beef (annual average) declined to 77.8 cents a pound, 3.2 cents below the 1963 average. However, farm prices were off 4.2 cents a pound to 42.4 cents. The marketing spread was 35.4 cents—a new record.

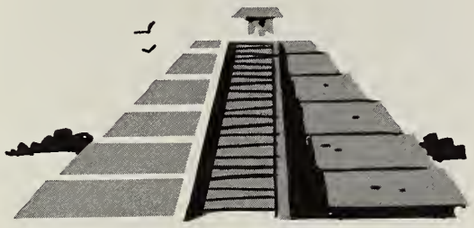
Pork. Production last year was 1 per cent higher than in 1963. At 56.4 cents a pound, the retail price was 0.9 cent under 1963; it was also the lowest price recorded since 1959. Net farm value of 26.6 cents was down from 27.1 cents in 1963. In each case, only a fraction of a cent was involved, indicating that the marketing margin stayed fairly constant.

Lamb. With production 7 per cent under 1963, retail prices in 1964 climbed 2.7 cents to 74.0 cents per pound. Net farm value rose slightly more—2.9 cents.

At 39.5 cents, lamb prices at the farm were third highest in the last 10 years. The farmer's share of the consumer's dollar spent for food was up to 53 cents, from 51 cents in 1963. *(18)*

REGIONAL REPORT: GOOD IS A RELATIVE

Most regions upped their farm output in 1964. Yet it was a disconcerting year for people trying to better their diets. Per capita output actually declined in most places as population grew faster than farmers grew food.



WESTERN HEMISPHERE

Drought in Canada. Drought in the United States. Drought, floods and frost in many parts of Latin America.

This has been the weather map throughout much of crop year 1964/65. Because of it, the hemisphere will end up producing less food and fiber this year than last.

At 133, the index of total production for Latin America is forecast at 3 percentage points below 1963/64 (1952/53–1954/55 =100).

Levels of agricultural output have a strong influence on the life and economy of Latin America. Many nations depend on agricultural commodities to provide most of their export earnings and much of their national income. Then, too, with fast growing populations, these countries need more food for their own people every year.

While the forecast for Latin America's index of total food production (as opposed to total agricultural production) didn't register a decline this year, per capita food output did.

Most of the total production drop is forecast for Argentina, Brazil, Chile and Costa Rica.

The Argentine decline is chiefly due to the cutback in beef production. After heavy selling at favorable world prices in 1963 and early 1964, ranchers have since tried to rebuild herds.

Brazil's plight has been too much rain or too little, plus lingering effects on coffee output of frost and drought the previous year. Coffee production is 62 per cent below 1963/64; tobacco, 22 per cent.

Chile has had drought which reduced spring plantings, delayed growth of winter crops and damaged pastures. Poor pasturage has meant less feed, and livestock production is off.

Costa Rica's production will probably be down 12 per cent from 1963/64 due to drought, insects and volcanic ash. The coffee crop has been harmed by ash from Irazu, the volcano that has been erupting since March 1963. *(19)*

Footnote to History

The first Common Market or free trade area was founded in Western Europe in 1958.

Not so.

The United States created a Common Market in 1788.

As British colonies, the 13 original states had little to say about their own trade which was oriented toward London.

But once the colonies were free, under the Articles of Confederation trade barriers were erected by the sovereign states against each other. These barriers so disrupted trade that the economic development of the individual states—and the nation —was threatened.

It didn't take the states long to recognize the fallacy of trade protectionism that actually stifled trade. Replacing the Articles of Confederation with the Constitution, they set up a free trade area that became the basis of today's prosperous U.S. economy. The U.S. Common Market predated its European counterpart by 170 years. *(20)*

WESTERN EUROPE

Good weather from the Firth of Forth to the Aegean islands helped Western Europe last year top its previous production record of 1963 by a slight margin. The 1964/65 index of total production stood at 126, just 1 percentage point above the year before (1952/53–1954/55=100).

Biggest gains were in the United Kingdom, Switzerland and Greece. Biggest losses were in Spain and Portugal where very dry weather ran contrary to the rest of the continent. Overall production fell slightly in West Germany and the Netherlands.

Western Europe's wheat farmers, especially in France which produces a third of the total crop, brought in a bumper harvest of 42.8 million metric tons. Except for 1962, this is the biggest harvest in history, and France has a considerable surplus. This undoubtedly means U.S. wheat and flour exports to the continent will drop sharply this year. All Western Europe seems to need is strong wheat for blending.

Conversely, with its own output reduced, the continent will need more imported feed grains this year than last. Best markets will be the United Kingdom, the Netherlands, Italy and particularly Spain, where a poor crop and growing demand for meat point to a substantial step-up in feed grain imports.

Outlook this year for other U.S. exports to Western Europe:

Up. Oilseeds and oilseed products.

Down. Pork and pork variety meats, poultry, oranges and lemons, cotton and tobacco.

Little or no change. Rice, beef, fresh and processed vegetables.

Western Europe entered 1965 with its economy growing rapidly and its growing pains apparent.

One serious problem is inflation. In mid-1964 the cost of living index was from 2 to 10 per cent higher than a year earlier in nearly all countries.

Yet 1964 was a year of progress, with compromise, for the European Common Market. Customs duties between members were 60 per cent below their original levels on industrial goods, about 45 per cent below on non-liberalized agricultural products. And in mid-December the Six took a giant stride toward final economic union when they agreed on a common price for grains. *(21)*

EASTERN EUROPE

A bumper grain crop in the previously dry Virgin Lands! This was important farm news out of Eastern Europe in 1964.

But weather and harvests were good in a number of Soviet regions last year. Setting new records were sugar beets, sunflower seed, potatoes and vegetables. State procurements of these commodities also reached an all-time high.

As a result, the index of net farm output for the Soviet Union in 1964/65 is 12 points above 1963/64.

However, this year ends the Soviets' current seven-year plan (1959-65) under which gross agricultural production was supposed to grow 8 per cent a year. If 1965 is an average year, farm output at the end of the plan period will be only slightly ahead of 1958, the base year. Per capita output will be below the 1958 level.

The new Kremlin leaders have apparently adopted a go-slow attitude toward changing Khrushchev's farm policies.

For example, late in 1963 Khrushchev announced a major step-up in chemical fertilizer production and use as a way to increase yields and total output. His economic plan for 1965 called for output of 35 million tons of fertilizer. The new regime has cut this goal by only 1.5 million tons.

Poland had a pretty good farm output in 1964, 2 per cent above the previous year but still below the record production of 1961.

East Germany in 1960 forced the immediate collectivization of agriculture. The next two years farm output plummeted. Production in 1964 regained pre-1960 levels—but that's all.

Czechoslovakia's production last year was off for the third straight year, partly because of the dry weather, partly because of the inefficient collective farm system.

Hungary in 1964 had the best wheat crop in nine years, a switch from the poor 1963 harvest. Better results were due to increased incentives to farmers, use of more fertilizer, better organization and more timely work. But the priority given wheat meant farmers gave less attention to many spring crops and consequently output was off.

Rumania, with output 4 per cent higher last year, managed to regain the 1959-62 plateau.

Although plagued by drought and insects, Bulgaria's production recovered from the poor 1963 harvest.

Assisted by the best corn corp since 1959, Yugoslavia was able to show a slight production gain in 1964. *(22)*

AFRICA & WEST ASIA

Africa divides geographically into the generally arid countries that rim the Mediterranean, including part of the Sahara Desert, and the far greater number of mostly tropical nations south of the Sahara.

Using this breakdown, ERS economists report agricultural output in North Africa in 1964 showed a modest 2 point gain over the previous year, reaching an index of 124 (1952-54=100). However, the gain is significant in view of the fact that the previous year, 1963, set an all-time record for farm production.

All increases last year occurred in the eastern part of North Africa—Libya, United Arab Republic (Egypt), Sudan and Ethiopia. In the west, Morocco, Algeria and Tunisia were unable to equal the record 1963 crop.

North Africa, like other regions, again last year brought into focus the dilemma of the less developed nations. True, farm output was up 2 per cent from 1963—but population increased 3 per cent. This means that the 93 million people in the region will get somewhat less to eat per person this year than last unless the deficit is offset by higher imports.

South of the Sahara, nearly all countries are expected to increase farm production over 1963/64 for a regional increase of 3 per cent. This is still tentative, since seasons in the Southern Hemisphere are the reverse of ours.

Nigeria and the Republic of South Africa, the region's two largest agricultural producers, are expected to show marked production gains this year. Most other countries will have somewhat smaller gains.

Only two nations will probably fail to attain 1963/64 production levels. These are the Congo (Leopoldville), torn by political strife, and the Ivory Coast, where the coffee crop is expected to come in about 20 per cent under 1963/64.

A cluster of eight nations at the eastern end of the Mediterranean account for most of West Asia's agriculture. Crops in most countries were good in 1964. But Turkey, one of the two biggest producers, had a 2 per cent decline in farm output due largely to a shortfall in grains. Bad weather in Iran, the other major producer, caused a 12 per cent drop in total production. Together, the two countries were responsible for causing a 1.5 per cent dip, compared with the previous year, in the index of total farm production for the region.

Per capita output was down nearly 5 per cent from 1963. With populations growing fast, West Asia is now able to offer its people only 3 per cent more food per person from domestic production than they had a decade ago. *(23)*

FAR EAST

While its population climbed 2.3 per cent in 1964, the free Far East managed to raise farm output by less than 2 per cent over the previous year.

As a result, output per person slipped back to the 1960 level, a level considerably below that needed for adequate nutrition.

India ended 1964 with 33 million more mouths to feed than it had in 1961. Yet output of grains and pulses—India's major sources of food—made only one weak gain in these three years, then fell back to the 1961 level. The 1964 harvest was again a bitter disappointment.

After record harvests in 1963, Pakistan saw little or no improvement in farm production. Except for 1963, output per capita has been nearly stagnant for over a decade. Meantime, Pakistan's yields per acre remain among the world's lowest.

Slightly more than a year old, the Republic of Malaysia was severely jolted in 1964 when world prices of rubber—foundation of the Malaysian economy—fell 20 per cent. Nevertheless, the government went ahead with a vigorous economic development program, which may have to be curtailed this year in favor of stronger defenses against Indonesian guerrillas.

Panic buying by civilians occurred in Indonesia during the mid-season dry spell that threatened to destroy the vital rice crop. Late rains and a delayed harvest saved most of the crop, which came in below the record 1962 harvest but compared favorably with that of 1963.

Japan's agriculture, like its entire economy, continued to push onward and upward in 1964 as it has in most postwar years. The rice crop, which brings in about 40 per cent of all farm receipts,

Foreign Spotlight

CENTRAL AMERICA. The three-year-old Central American Common Market has hit a snag in Honduras, which could well pull out of the group, according to informed sources. Withdrawal of the strategically located nation might mean disintegration for the five-country trade area. A 1963 deficit of nearly $500,000 in its trade with other CACM nations is the first in 50 years' trade between Honduras and other Central American countries. Fellow CACM members are Costa Rica, El Salvador, Guatemala and Nicaragua.

THE CARIBBEAN. The Caribbean Organization has agreed to disband by the end of this year. The decision results from the withdrawal of British Guiana, Surinam and Puerto Rico. The Secretariat of the island organization, however, is convinced that a new and perhaps wider association will evolve from the original group which included the Netherlands Antilles, the British and American Virgin Islands, French Guiana, Guadaloupe and Martinique.

WEST GERMANY. Farm income in West Germany is the subject of a national controversy. One position holds that annual income in agriculture is far lower than the income for city people. The other claims that such a reading of the figures is misleading. The argument runs that the composite figures unfairly lump full-time and part-time farmers; that there is, in fact, more of an income disparity within agriculture than between agriculture and the nonfarm sector. The federal government's annual "Green Report" on agriculture, which is prepared from a sample of farmers, shows that the net farm income per full-time worker was $1,652 in 1962/63. However, allowing for such things as interest on invested capital and managerial activities, the computed labor income per full-time farm worker was $1,161, compared with $1,625 per person for nonfarm jobs of comparable skills. *(24)*

was good, although slightly below last year. Biggest gains in 1964 were in wheat, barley and rapeseed, representing a recovery from the poor crops of 1963.

The scanty information coming out of Communist China indicates that agriculture had spotty gains and losses in 1964. However, farm output failed to keep up with population growth for the sixth straight year.

Australia and New Zealand are highly developed nations that comprise Oceania. Both countries upped agricultural production last year over 1963. Late reports indicate another new record wheat crop in Australia. *(25)*

India's Program for Farm Production Dragged Down by Weather, Economy

With little more than a year of its third five-year plan to run, India finds its agricultural economy still struggling with the problems of not enough food for too many people.

After significant gains in the 1950s, agricultural production has been virtually stagnant in India for the past three years. With a steadily increasing population, per capita farm production has actually declined.

Indian farmers have had to cope with a siege of bad weather in the past few years. Even so, the current farm problems are mostly the result of a nation not being able to implement the programs authorized in its five-year development program.

Only a few years ago, the prospects for food output in India looked considerably brighter. Projections prepared by a private research group in India for the U.S. Department of Agriculture indicated foodgrain production levels for crop years 1966, 1971 and 1976.

With projections of 97 million metric tons, 118 million and 142 million, respectively, it looked to the research group as if the country was headed for self-sufficiency in food production. The expected demand for foodgrains at the three years used in the projections was 97 million metric tons, 115 million and 136 million.

The projected output figures were based largely on assumed additions to the national supply of organic and inorganic fertilizers and improved seed as well as more extensive irrigation.

But so far, no one has been able to talk many Indian farmers into the use of green manure. And the likelihood of increasing the amount of animal manure—either from added numbers of livestock or a switch from use as fuel to fertilizer — is remote indeed. Thus, added supplies of manure can be written off the books.

As for inorganic fertilizer, it looks as though only about two-thirds of the originally estimated supplies will materialize.

The earlier projections also indicated 197 million acres of irrigated land by 1976, a figure that appears to overshoot reality by about a third.

Finally, the original expectations for improved seed production and use seem, if anything, even more optimistic than the other projections.

When this cool appraisal is applied to the projections, the target figures for production are dragged way down, and India is left with a growing gap between production and consumption. The gap is there, even though the demand figures also drop, since agriculture is far and away the most important source of national income.

Currently revised projections for Indian production of foodgrains are: 83 million metric tons in crop year 1966; 97 million in 1971; and 111 million in 1976.

And even with lower estimates for demand, imports of foodgrains should continue throughout the projected period to 1976 and in some years will run up to 6 or 7 million metric tons. *(26)*

Prices of Temperate Zone Exports Falling Since '47, Tropical Since '56

The world price of tea climbs and India, the largest exporter, has extra foreign earnings to buy needed industrial goods abroad.

The world price of rubber falls sharply, as it did in 1964, and the impact in Malaysia, largest producer and exporter, reverberates throughout the business community.

These are only examples of how fluctuations in world prices affect the economy of nations dependent on farm exports for much of their national income.

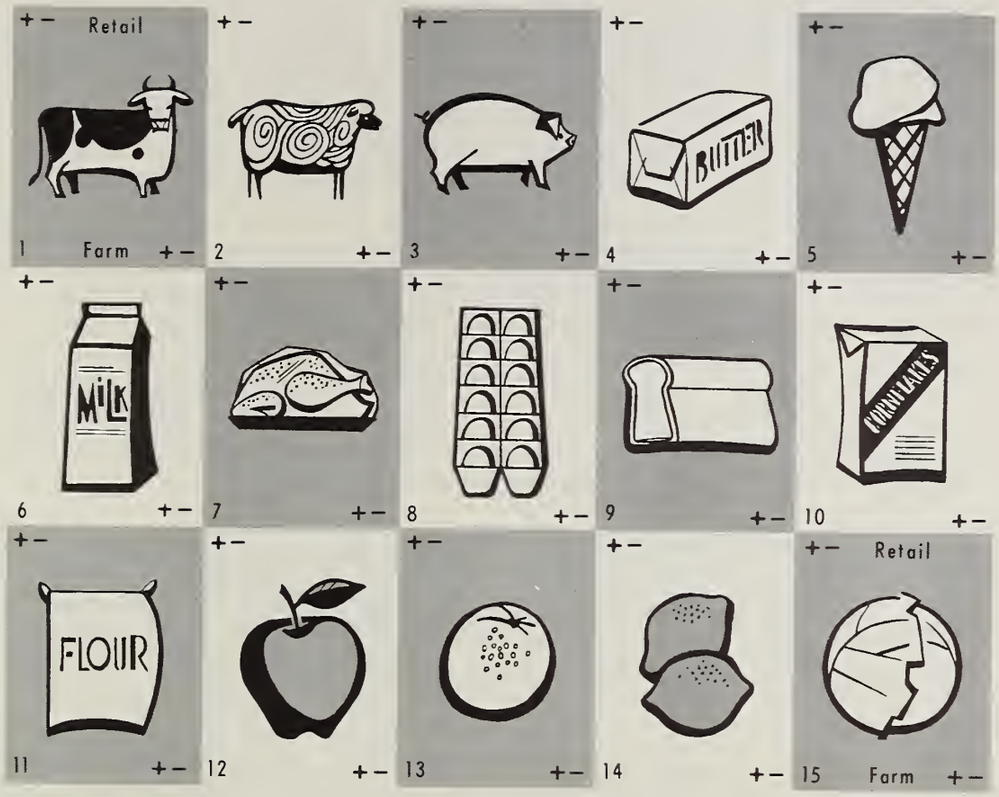
To see just how much world prices have changed in the postwar years, a new ERS study plots the price movements of 22 major commodities moving in international trade. Half are temperate zone exports, mostly from highly developed nations; half are tropical zone exports, chiefly from less developed nations.

The long-term trend (1947-62) shows no decline in the average unit price of the 11 tropical commodities taken as a group. Relatively large declines in the unit values of rice, copra and jute, plus smaller drops in bananas, peanuts and palm oil are about offset by a significant increase in rubber and a lesser one for tea.

The opposite is true of temperate zone exports. Overall, the long-term trend has been downward, about 2.3 per cent a year. Barley, wheat, corn and powdered milk all fell 3 per cent or more a year over the 16-year period.

But the recent trend is another matter. In 1954-62, values of tropical zone exports fell significantly, by an average of over 3 per cent a year.

Since World War II, the price of tropical exports fluctuated from year to year about 40 per cent more as a group than temperate zone exports. From 1954 on, tropical export prices fluctuated 70 per cent more. *(27)*



WHICH PRICE WHICH WAY? Which way has the price of these foods gone in the past five or six years? Up? Down? At the retail store and back on the farm? See if you can guess how last year's prices compared with average prices for 1957-59. Circle the plus if you think the price was up, by even a fraction of a cent; a minus if you think it was down. Give yourself one point for each correct answer. A score of 20 or over for either retail or farm prices is well above average. A score of 15 to 20, and your memory is about as good as most. Below 15, and you haven't been paying close attention to prices. Turn the page to check your answers against the list of farm and retail prices. *(28)*

Family Menus May Be Much More Varied In Time of Blitz, Flood or Earthquake

If you don't mind a menu say of rock cornish game hen, ice cream sandwiches and popcorn, your food supply can be stretched by about 1.9 days in time of national emergency.

This is the estimated supply of food per person on inventory in away-from-home eating establishments, including everything from the movie house on the corner to the most elegant uptown restaurant. Enough beverages are kept on hand to supply every man, woman and child in the United States for 1.2 days. If days' supply were based on the number of people served generally by these establishments, rather than total U.S. population, the beverage supply would last almost 5 days and the food supply nearly 8 days. The estimates allow 2,000 calories per day per person and 32 ounces of fluids.

These figures were gathered by ERS for the Office of Civil Defense to round out a nationwide study of food stocks. Study results will help pinpoint areas where additional food would be most needed in an emergency.

Reports have already been published on the food stored in the nation's homes, retail stores and wholesale warehouses. About a third of all U.S. families keep enough food on hand to last from two weeks to a month; another third could make do with what they have for almost two weeks; the remaining third would need additional food within 8 days. Retail stores have enough on hand to last the public 15.5 days; wholesale warehouses, 16 additional days.

The new report on away-from-home eating places gives supplies by civil defense region, state, and county or standard Metropolitan Statistical Area, as well as by type of business establishment.

Of the 1.9 days' supply in these

eating places, 58 per cent is held by restaurants and other establishments whose primary function is serving food and drink.

Three other types of businesses —hotels and motels, hospitals, and drugstores—each hold between 6 and 7 per cent of the 1.9 days' supply. They don't contribute substantially toward total national stocks in comparison with restaurants because they are fewer in number. But in their local communities they represent a significantly greater reservoir of food than restaurants.

Colleges hold less than 3 per cent of the 1.9 days' supply, but the average college stocks six times as much food as the average restaurant. Stocks at hospitals are five times as large. Department stores, which stock only 3.5 per cent of the total for all away-from-home eating places, hold inventories of food four times as large as the average restaurant. The kinds of food stocked are not the same, of course. Over half the food inventory held by department stores is in sweets. *(29)*

Already a Bargain, Eggs Are Expected To Cost Even Less Per Dozen in '65

The news from the nests is that egg prices will probably be lower this year than last.

Egg production is expected to be up substantially because of increases in layer numbers and in the rate of lay. Output should be up more than enough, as a matter of fact, to take care of an increasing population that consumes an average of 314 or so eggs per capita annually.

Something has to give in order to move above-average supplies into above-average consumption. The "something" will very likely be the price.

Eggs are *already* a bargain. In 1964, large Grade A eggs averaged 54 cents a dozen compared with 57 cents in 1960 and 66 cents in the early 1950s. *(30)*

HERE ARE THE ANSWERS to the price quiz. Check the plus or minus under "retail" and "farm" to see how well you did. Some of these price changes were temporary situations; others were the result of improved farming and marketing methods. Farm prices (actually, an estimated farm value of equivalent quantities) for nearly half these foods went down. About a quarter of the retail prices were lower. The alert housewife may save herself money by looking for the plentiful foods in season and by shopping the specials at her grocery store. *(28)*

Item	ANSWERS—Change in prices: Retail	Farm	Product	Retail unit	Retail cost 1964	Retail cost 1957-59 average	Net farm value 1964	Net farm value 1957-59 average
					Cents			
1	—	—	Beef (Choice grade)	Pound	77.8	78.1	42.4	48.3
2	+	—	Lamb (Choice grade)	Pound	74.0	70.0	39.5	40.2
3	—	—	Pork (retail cuts)	Pound	56.4	60.5	26.6	31.0
4	+	+	Butter	Pound	74.4	73.2	53.0	52.6
5	—	+	Ice cream	½ gallon	80.4	84.2	24.6	23.4
6	+	—	Milk, fluid (at stores)	½ gallon	47.7	46.6	21.7	21.9
7	—	—	Chickens, frying, ready-to-cook	Pound	37.8	43.5	19.5	24.4
8	—	—	Eggs, large Grade A	Dozen	53.9	56.2	32.9	36.1
9	+	+	Bread, white	Pound	20.7	18.5	3.2	3.0
10	+	+	Corn flakes	12 ounces	28.6	24.5	2.5	2.4
11	+	+	Flour, white	5 pounds	56.7	53.3	19.9	18.8
12	+	+	Apples	Pound	17.8	16.1	5.7	4.7
13	+	+	Oranges	Dozen	88.1	66.0	28.4	23.2
14	+	+	Lemons	Pound	21.1	18.4	5.3	4.2
15	+	+	Cabbage	Pound	10.3	8.7	2.8	2.4
16	+	—	Carrots	Pound	14.9	14.5	3.4	3.7
17	+	+	Celery	Pound	15.7	15.3	4.9	4.4
18	+	+	Lettuce	Head	24.6	22.6	8.4	6.0
19	+	—	Onions	Pound	11.2	10.1	3.2	3.4
20	+	+	Potatoes	10 pounds	75.7	58.3	27.1	17.8
21	+	+	Tomatoes	Pound	33.2	30.1	11.2	10.6
22	—	—	Peaches, canned	No. 2½ can	33.2	34.3	4.7	6.1
23	+	—	Beans, Navy	Pound	16.7	16.3	6.5	6.9
24	+	—	Peas, canned	No. 303 can	22.7	21.0	3.0	3.1
25	+	+	Tomatoes, canned	No. 303 can	16.0	15.6	2.6	2.3
26	+	+	Orange juice, frozen concentrated	6 ounce can	31.0	23.4	14.5	8.2
27	+	0	Peas, frozen	10 ounces	21.0	19.9	3.2	3.2
28	+	+	Sugar	5 pounds	64.0	54.5	23.9	20.2
29	—	—	Margarine	Pound	26.0	27.4	7.4	7.8
30	—	—	Vegetable shortening	3 pounds	79.0	90.4	26.2	28.2

NOTE: These foods were selected from among those included in the U.S. Department of Agriculture's Market Basket which is used to estimate changes in the prices of food used by typical urban wage-earner and clerical-worker households. From 1957-59 to 1964, the total cost of food in this Market Basket went up 3 per cent.

NIGERIA: PROJECTED LEVEL OF DEMAND, SUPPLY, AND IMPORTS OF FARM PRODUCTS IN 1965 AND 1975, WITH IMPLICATIONS FOR U.S. AGRICULTURE. L. E. Moe, Foreign Regional Analysis Division. ERS-For. 105.

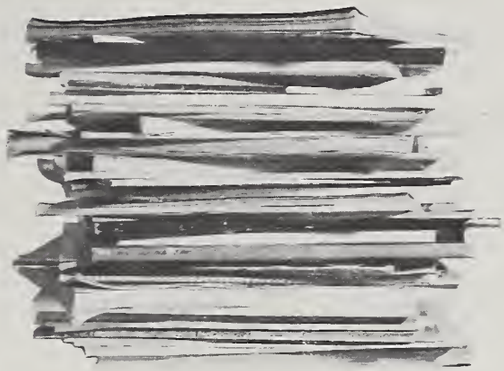
On a percentage basis the United States may expect to supply at least 67 per cent of Nigeria's wheat and tobacco needs in 1965 and 1975 and at least 20 per cent of her dry milk needs in 1975. (See November 1964 Farm Index.)

THE AGRICULTURAL ECONOMY OF THE UNITED ARAB REPUBLIC (EGYPT). C. J. Warren, Foreign Regional Analysis Division. FAER-21.

Agriculture accounts for approximately two-fifths of Egypt's national income and between 80 and 85 per cent of her total exports. (See October 1964 Farm Index.)

THE 1965 WORLD AGRICULTURAL SITUATION. Foreign Regional Analysis Division. FAER-22.

World agricultural production in 1964/65 is expected to increase about 1 per cent over the previous year. Farm output per person is expected to fall about 1 per cent. However, production of food is rising faster than other agricultural commodities so food output per person will remain about the same as last year. (See January 1965 Farm Index.)



recent publications

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BULGARIA: FOREIGN AGRICULTURAL TRADE. T. Mills, Foreign Regional Analysis Division. ERS-For. 104.

While industrialization is reducing the relative importance of agricultural commodities in Bulgaria's total export trade, it is sharpening the need for markets for agricultural exports to pay for the resources to develop industry.

CHARACTERISTICS OF THE U.S. POPULATION BY FARM AND NONFARM ORIGIN. C. L. Beale, J. C. Hudson and V. J. Banks, Economic and Statistical Analysis Division. AER-66.

The farm-born element in the nonfarm population was considerably underrepresented in white-collar jobs and more heavily engaged in blue-collar work, according to the results of this study. (See December 1964 Farm Index.)

Numbers in parentheses at end of stories refer to sources listed below:

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Speech (S); published report (P); unpublished manuscript (M); special material (SM).

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Updating Our Horizons

It's been said that the nation's cookbooks will soon have to be rewritten just to take care of all the changes in foods themselves.

For instance, meat is tenderer than it used to be, thus takes less time to cook. Cheese sauce, basic ingredient in many gourmet dishes, now comes ready mixed, though somewhat disguised, as cheese soup.

By the same token, changes in how and what we eat have necessitated a complete revision of ERS's index of food consumption per capita. For example, instant coffee, dry whole milk and chilled juices have become important enough in the national diet to rate a place in the index. Then too, we are two states larger; Alaska and Hawaii have been added to population in calculating consumption figures since 1960.

The revised series pictures a half century of changes in the nation's eating habits. Here is the index for commodity groups:

Index per capita (1957-59 = 100)

	1910	*1940*	*1964*
Meat	96	93	108
Poultry	49	52	114
Fish	107	102	102
Eggs	82	86	88
Fruits	78	103	93
Vegetables	85	107	97
Potatoes, white and sweet	208	127	118

In sum, compared with our grandparents back in 1910, we eat more meat and poultry, more fruits and vegetables, a few more eggs, less fish and a lot fewer potatoes. *(31)*

THE FARM INDEX

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Numbers in parentheses at end of stories refer to sources listed at end of issue.

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